

**FISCAL NOTE**  
**SB 2781 - HB 2584**

March 12, 2002

**SUMMARY OF BILL:** Sets the state reimbursement rate for day care for low-income families at 75% of the average market rate for day care.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$100,000**

**Decrease Local Govt. Revenues - Exceeds \$100,000**

**Other Fiscal Impact - Decrease Federal Expenditures - \$44,000,000**

Currently day care rates are set at the 70<sup>th</sup> percentile of day care rates as determined by an annual market survey. Using 75% of the average would reduce the amount paid to day care providers.

Some local education agencies are providing day care services and are reimbursed by the Department of Human Services. This bill would reduce the amount of reimbursement received by these local education agencies.

The Department of Human Services could use a portion of the savings for subsidizing additional day care slots; however, reducing the rate paid will make it more difficult for the Department to secure day care slots.

The Department of Children's Services has stated that reducing the rates for day care would reduce the availability of day care for children under the care of DCS. Such reduction could reduce the number of foster care placements, increasing the use of group homes and the number of children in state custody. If a 2% increase occurred, the increase in state expenditures is estimated to exceed \$100,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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